

ATTACHMENT 1

LEASE-TO-OWN PROGRAM STATEMENT OF WORK [NAME OF CONTRACTOR]

The purpose of this Contract is to reduce emissions by replacing pre-2004 model year (MY) diesel trucks, as identified in Table 1 below, with MY 2007 or newer diesel or natural gas trucks for drayage truck operations, with engines certified by the California Air Resources Board (CARB) to meet the 2007 federal emissions levels or lower. The purpose of the Contract is also to provide the Lessee with the option of taking ownership of the vehicle at the end of the Lease. Accordingly, CONTRACTOR agrees to purchase and lease Class 8 truck(s) with a MY2007 or newer engine that is certified by CARB Executive Order on the heavy heavy-duty test cycle to comply with both Family Emission Level (FEL) and certification (CERT) values equal to or lower than 1.20 g/bhp-hr for NOx (for those trucks committed to meeting the MY 2010 standard, the applicable NOx emissions level is **0.20 g/bhp-hr**) and 0.01 g/bhp-hr for PM. The trucks to be replaced as identified in Table 1 shall be subject to the terms and conditions set forth in Tasks 1 through 6 of this Attachment, as well as all other provisions of the Contract. The replaced vehicle is expected to generate emissions reductions, as identified in Table 2 below.

ESTIMATED TOTAL PROJECT COST \$ _____

MAXIMUM CONTRACT AWARD \$ _____

Table 1: Approved Project List

Project ID	Engine MY (Old Truck)	Minimum Number of New Vehicle Trips ¹	CARB- Certified NOx Level of New Vehicle	Grant Award per Vehicle (\$)	
				Prop 1B	Port and/or AQMD Funds ²

¹ Vehicles that are required to make a minimum of 300 trips per year must maintain the 300 minimum annual trips requirement to the terminals within the Port of Los Angeles and/or Port of Long Beach for at least five (5) years. Vehicles that are required to make a minimum of 150 trips per year must maintain the 150 minimum annual trips requirement to the Port of Los Angeles and/or Port of Long Beach for at least four (4) years.

² These funds include contributions made by the Port of Los Angeles, Port of Long Beach and/or the AQMD for the purchase of alternative fueled vehicles approved under AQMD's Heavy-Duty Diesel Drayage Truck Replacement Program.

Table 2: Expected Emissions Reductions

Project ID	Future Annual Vehicle Miles Traveled	Expected Total NOx Reductions (lbs.)	Expected Total PM Reductions (lbs.)

ATTACHMENT 1 (CONT.)

PROJECT REQUIREMENTS:

CONTRACTOR shall place the identified truck(s) into regular service through its lease-to-own program subject to the following requirements:

- A. CONTRACTOR shall include a lease rider or other document, approved by AQMD, ("Lease Rider") in each Lease entered into under this lease-to-own program.
 - a. The Lease Rider shall set forth the terms and conditions for which the Lessee shall have joint and several liability and responsibility for compliance.
 - b. In addition to the Lease Rider, CONTRACTOR shall provide a Spanish-translated copy of the Lease Rider to the Lessee. The translated copy, to be provided by AQMD, shall be nonbinding and be for information purposes only.
- B. CONTRACTOR shall ensure that the Leases or the Lease Rider shall not impose any terms that are contrary to the terms and conditions of this Contract, including but not limited to:
 - a. Neither the Lease nor the Lease Rider shall include any limitations on the operation of the vehicle which would prohibit the Lessee from complying with the requirement of operating the drayage truck at least 350,000 miles or 5 years.
 - b. While CONTRACTOR may require the Lessee to operate the vehicle to make a minimum specified number of trips for the CONTRACTOR or other designated company, CONTRACTOR shall not restrict the Lessee from hauling additional loads for other companies.
- C. CONTRACTOR shall ensure that the incentive funds from AQMD shall only be used to offset the capital cost of the replacement trucks and shall reduce the principal owed by the Lessees to purchase the trucks. Contractor shall ensure that the Lessees shall not be charged for any portion of the incentive funds as a component of the lease program.
- D. The Lease entered into between CONTRACTOR and Lessee must include a provision which provides Lessee with the option to purchase the vehicle at the end of the Lease term for a specified amount.
- E. Upon transfer of any truck to a new Lessee, CONTRACTOR shall provide to AQMD a new Lease Agreement signed by the new Lessee agreeing to the same terms and provisions as the prior lease for the remaining term of this Contract.
- F. CONTRACTOR hereby grants AQMD and CARB authority to enforce any and all of the Lease Agreements entered into pursuant to this Contract.
- G. Prior to execution of the Lease, CONTRACTOR shall provide Lessee with the following information about the Lease terms:
 - a. Cost of the vehicle (cost = price paid by CONTRACTOR – grant award)
 - b. Fees or charges to be paid by Lessee
 - c. Amount due from Lessee at Lease signing
 - d. Interest rate, monthly payment, and number of payments of Lease

- e. Residual amount required to be paid by Lessee to purchase vehicle at the end of the Lease
- f. Total cost paid by Lessee to purchase vehicle, including lease payments, fees, charges, and residual amount)

In addition to the general requirements as identified above, CONTRACTOR shall perform the following tasks that are necessary to implement this project:

Task 1: Inspections

- 1.1 CONTRACTOR shall make all equipment/vehicles/engines that are to be replaced available to AQMD staff for inspection prior to destruction in accordance with Clause 14 (Inspections) of this Contract.
- 1.2 CONTRACTOR shall make all new equipment/vehicles/engines available to AQMD staff for inspection after delivery in accordance with Clause 14 (Inspections) of this Contract.

Task 2: Procurement of Vehicles

- 2.1 CONTRACTOR shall provide documentation of procurement of the replacement vehicles meeting the above-mentioned emissions standards. This documentation shall include, at a minimum: identification of vehicle manufacturer; price of the vehicle, including any taxes, delivery fees and other costs; identification of the vehicle make, model, model year and fuel type.
- 2.2 For alternative fueled vehicles funded by Port funds (POLA or POLB), such vehicles must be purchased from sales offices located in the Cities of Los Angeles or Long Beach. This provision does not apply to vehicles that are not funded by POLA or POLB.
- 2.3 CONTRACTOR shall submit signed copies of each Lease Agreement with Lessees for each truck. Each truck must only have one Lessee assigned to it.

Task 3: Global Positioning System Electronic Monitoring Unit

- 3.1 CONTRACTOR shall install an on-board Electronic Monitoring Unit (EMU) on all new vehicles at any time during the Contract term, if requested by the AQMD. EMU shall be installed pursuant to a separate contract between an EMU installation contractor and the AQMD or CARB.

Task 4: Operation of Vehicles

- 4.1 Through its lease-to-own program, CONTRACTOR shall place the replacement vehicles meeting the above-mentioned emissions standards into regular service and shall inform the AQMD where the vehicles are based in California.

- 4.2 CONTRACTOR shall ensure that each of the Lessees operate each replacement vehicle for a minimum of five years or 350,000 miles, whichever comes first. CONTRACTOR shall commit the new vehicles to 100% operation within California during the Contract term, and at least 50% of the annual mileage within the four trade corridors as identified in the Goods Movement Emission Reduction Program Guidelines. CONTRACTOR shall make available operational information for the vehicles sufficient to establish compliance with Task 4, upon reasonable notice, to AQMD or CARB staff. This information shall include annual miles operated.
- 4.3 As identified in Table 1 above, CONTRACTOR shall ensure that each Lessee makes at least 300 trips per year per vehicle to terminals within POLA and/or POLB for five (5) years.
- 4.4 As identified in Table 1 above, CONTRACTOR shall ensure that each Lessee makes at least 150 trips per year per vehicle of frequent port for four (4) years.
- 4.5 Through its lease-to-own program, CONTRACTOR shall not allow the removal of any vehicle from service in California during the term of this Contract, except pursuant to Paragraph 6B of the Contract.

Task 5: Destruction of Vehicles That Have Been Replaced

- 5.1 CONTRACTOR or Lessees shall deliver the vehicles to be replaced, driven under their own power, to the dealer from which the replacement vehicles were purchased, or to a DMV licensed dismantler that is approved by the AQMD. If CONTRACTOR elects for AQMD to make the payments directly to dealer (i.e. direct payment option), as set forth in Clause 21B, CONTRACTOR shall deliver the vehicles to be replaced to the dealer prior to the receipt of the new fully operational replacement vehicles. As a condition to payment under this Contract, dealer must deliver the vehicles to be replaced to a DMV-licensed dismantler within 15 days of receipt of the vehicles from CONTRACTOR. If CONTRACTOR elects reimbursement as set forth in Clause 21A, CONTRACTOR shall deliver the vehicles to be replaced to a DMV-licensed dismantler within 10 days of the receipt of the new replacement vehicles.
- 5.2 As a condition to payment under this Contract, within one week of releasing the replaced vehicles to a DMV-licensed dismantler, CONTRACTOR or dealer will provide to AQMD a Certificate of Replaced Vehicle Receipt and Destruction (Attachment 3) for each vehicle, with the top one-half of the form completed and signed by an authorized dismantler representative as a proof of delivery of the replaced vehicle to a DMV-licensed dismantler.
- 5.3 As a condition to payment under this Contract, a DMV-licensed dismantler will cut a six inch by six inch hole in the engine block of each vehicle that was replaced and cut each vehicle's frame rails completely in half within 45 days of receipt of the replaced vehicles. The following digital photos must be taken and labeled for submittal by dismantler:
1. Front of each vehicle with hood down

2. Right side of each vehicle with hood down
 3. Left side of each vehicle with hood down
 4. Serial number printed on the tag inside the cab or on the cut frame rail.
 5. Engine side view
 6. Engine serial number stamped on block or on engine tag
 7. Destroyed engine block either in-frame or out of frame.
 8. Cut frame rails of each vehicle.
- 5.4 As a condition to payment under this Contract, within one week of destroying engines and frames of the replaced vehicles as described above, the dismantler shall provide to AQMD digital photos referenced above and a Certificate of Replaced Vehicle Receipt and Destruction (Attachment 3) with both top and bottom halves of the form completed and signed by an authorized dismantler representative.
- 5.5 CONTRACTOR shall file a VIN hold with the DMV, and a “Non-Repairable Vehicle Certificate” with the DMV and submit a copy to AQMD within one week of destruction of the old vehicles for contracts with the direct payment option. For contracts with the reimbursement option, a copy of the certificate shall be submitted to AQMD at or prior to the time of the post-inspection.
- 5.6 Any costs to destroy the vehicles that were replaced pursuant to this Contract shall be paid by CONTRACTOR.

Task 6: Reporting

- 6.1 CONTRACTOR shall provide annual reports, as described under Deliverables, Attachment 1B.

ATTACHMENT 1A
PROJECT MILESTONES
[CONTRACTOR'S NAME]

<u>Milestone</u>	<u>Due Date</u>
Truck(s) Delivery and Acceptance Completed	March 31, 2010
Truck(s) in Service	March 31, 2010
Submittal of All Invoices Note: Post-Inspection must be completed prior to any invoices paid by AQMD	April 30, 2010
Annual Progress Reports	October 20, 2010 October 20, 2011 October 20, 2012 October 20, 2013 October 20, 2014
Final Annual Progress Report	January 20, 2015

ATTACHMENT 1B

DELIVERABLES [CONTRACTOR'S NAME]

CONTRACTOR shall submit annual progress reports to the AQMD under this Contract for a period of at least five (5) years after the equipment is placed into service. Each submitted report shall be stapled, not bound, printed in black ink, double-sided type, on an 8-1/2 by 11 inch page, and shall include camera-ready originals.

CONTRACTOR shall provide two stapled copies of each progress report to be submitted annually for the term of the Contract. This document shall be considered in the public domain, in conformance with the California Public Records Act (Government Code Section 6250 et seq.). The annual report shall include, but not be limited to, the following for the equipment funded under this Contract:

- a. Reference to AQMD contract number and title of project.
- b. Name, address and phone number of the contact person.
- c. Proof of California registration for each piece of equipment.
- d. Color photographs in a digital format, such as .ppt, .tif, .jpg on a CD or sent electronically, of:
 - Each piece of equipment funded.
 - The fueling site used by the equipment, if the equipment is powered by alternative fuel.
- e. A description of the operation of the equipment, including:
 - Odometer reading at the end of the reporting period.
 - Annual miles traveled per vehicle in service during the reporting period (including mileage/activity logs for documentation).
 - Annual miles traveled in each of the four trade corridors or percentage of the total annual miles traveled in each of the four trade corridors.
 - Amount of fuel purchased during the reporting period.
 - Discussion of vehicle performance, including any inspections, repairs and/or maintenance performed.
- f. Certification of California-only operation (including certification that permits were not utilized to make out-of-state trips).
- g. Certification and documentation of at least 50% of travel within the four trade corridors.
- h. Certification that the vehicles funded was operated in accordance with signed contract and that all information submitted is true and accurate.
- i. Problems - a discussion of any significant problems encountered during the year and how they were resolved.

ATTACHMENT 2

PAYMENT SCHEDULE [CONTRACTOR'S NAME]

CONTRACTOR shall be reimbursed in an amount not to exceed the approved Grant Award, as defined in Clause 21, for the replacement of each pre-2004 vehicle with a 2007-certified or newer engine, as specified in Attachment 1 – Table 1. The total cumulative amount of payments made under this Contract shall not exceed the Maximum Contract Award, as specified in Attachment 1.

CONTRACTOR shall submit an invoice for each operational new vehicle to the AQMD after a satisfactory post-inspection, as described in Section 14 of this Contract.

Invoices will not be paid by AQMD until after the satisfactory completion of a post-inspection pursuant to Clause 14 for each vehicle listed on the invoice. Payments under this Contract shall be sent to CONTRACTOR unless otherwise specified in the contract or specifically requested by CONTRACTOR in writing.

ATTACHMENT 3

South Coast Air Quality Management District

Certificate of Replaced Vehicle Receipt and Destruction

Owner Name: _____

Date: _____

Owner Address: _____

City, State, Zip: _____, _____, _____

Phone: _____

Old Vehicle Information

Make:		Vehicle ID Number:	
Model:		Odometer Reading:	_____, _____ miles
Year:			

Old Engine Information

Make:		Horsepower	
Model:		ID or Serial No.	
Year:			

Date Vehicle Accepted for Dismantle: _____ By: (Salvage Rep.) _____

print name

Signature: _____

Scrapage Yard Authorized Representative:

Date vehicle destroyed: _____

Photos taken according to requirements (submit with form): _____

initial

Salvaged Yard Statement: I certify under penalty of perjury that within 45 days of the date I received this vehicle, a 6x6 inch hole was cut into the engine block and the vehicle frame rails were cut. Photos of the destroyed vehicle that are required pursuant to Part (III)(D)(13) of Proposition 1B: Goods Movement Emission Reduction Program Guidelines are attached to this Certificate of Replaced Vehicle Receipt and Destruction. I further certify that I understand this Certificate of Replaced Vehicle Receipt and Destruction is incorporated into the AQMD Master Agreement.

Company: _____

Address: _____

Authorized Name: _____

print name

Authorized Signature: _____ Date: _____